



# Congressman Tim Bishop

*FIRST DISTRICT -- NEW YORK*

## NEWS RELEASE

*OCTOBER 11, 2007*

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## **BISHOP VOTES TO ABOLISH OUTSOURCING TAX COLLECTION**

Washington, DC—This week, Congressman Tim Bishop (NY-1) joined a majority of the House in passing the Tax Collection Responsibility Act of 2007 to repeal the use of private debt collection companies to collect federal income taxes. According to government agencies, such firms have been repeatedly cited for harassing taxpayers.

"The current program gives tax collection bounty hunters incentive to harass taxpayers," Bishop said. "We can collect taxes far more efficiently by adequately staffing the IRS than by paying collection firms up to 24 percent of debts collected. It is also outrageous that the United States government is handing over taxpayers' most sensitive personal information to private firms. The bottom line is the IRS itself can collect taxes more efficiently, reduce costs, and not expose taxpayers to harassing tactics."

The legislation would repeal the 2004 provisions giving the IRS authority to enter into contracts with private companies to collect federal income taxes. Numerous cases have been identified that illustrate taxpayer harassment, abusive calling, and violations of taxpayer rights and taxpayer return disclosure protections.

For example, one elderly couple was misidentified and called 150 times, including five times in one day, despite the fact that within the first five calls, the debt collector knew that the taxpayer did not reside at the home. The couple received up to seven calls each day for 27 days. Other cases involve victims in nursing homes, U.S. troops serving in Iraq, innocent spouses, and those subject to identity theft. The Federal Trade Commission has documented 130 complaints likely to involve the private tax debt contractors, and the U.S. Taxpayer Advocate has documented many more.

Bishop also cited IRS statistics indicating that while the return on investment from private collection firms is approximately 4-to-1, the return from IRS employees performing similar work is 13-to-1.

The bill also strengthens current law to ensure that certain millionaires and other high-income taxpayers cannot renounce their U.S. citizenship or terminate their U.S. residence in order to avoid U.S. taxes and includes a scaled-back version of the Treasury Department's proposal to increase penalties (per return and annual cap) on failures by independent contractors to provide Form 1099 information returns. The bill now heads to the United States Senate.

In addition, Bishop is an original cosponsor of the Taxpayer Abuse and Harassment Prevention Act of 2007 to repeal the authority of the Secretary of the Treasury to enter into contracts with private collection agencies to collect unpaid taxes.

The legislation is supported by the Consumer Federation of America, National Consumer Law Center, National Consumers League, Citizens for Tax Justice, OMB Watch, National Treasury Employees Union, and American Federation of State, County, and Municipal Employees.